

# Sugar Weekly Report

September 2 - 6 2019



Sugar Prices and Macros as of 6-Sep-19											
	6-Sep-19	30-Aug-19	6-Aug-19	Weekly Var.	Monthly Var.		6-Sep-19	30-Aug-19	6-Aug-19	Weekly Var.	Monthly Var.
NY #11	11.02	11.14	11.73	↓ -0.12	↓	USD Index	98.01	98.81	97.58	↓ -0.80	↑ 0.43
London #5	304.1	301.6	316.2	↑ 2.5	↓	USDBZL	4.06	4.14	3.97	↓ -0.08	↑ 0.09
NY#16	25.75	25.81	25.55	↓ -0.06	↑	USDINR	71.63	71.73	70.90	↓ -0.10	↑ 0.73
Front White Premium	61.2	56.0	57.6	↑ 5.1	↑	EURUSD	1.10	1.10	1.12	↑ 0.00	↓ -0.02

## Market Situation at a Glance

International Prices			
	6-Sep-19	30-Aug-19	Weekly Var.
<b>Sugar</b>			
NY #11	11.02	11.14 ↓	-0.12 cts/lb
Front Spread	-0.95	-1.09 ↑	0.14 cts/lb
London #5	304.10	301.60 ↑	2.50 \$/mt
Front Spread	-5.50	-9.70 ↑	4.20 \$/mt
White Premium	61.15	56.01 ↑	5.15 \$/mt
<b>USD Index</b>	98.01	98.81 ↓	-0.80
USDBZL	4.06	4.14 ↓	-0.08 R\$/
USDINR	71.63	71.73 ↓	-0.10 RUP/\$
RUBUSD	65.41	66.67 ↓	-1.26 RUB/\$
EURUSD	1.10	1.10 ↑	0.00 \$/EUR
<b>S&amp;P500</b>	2979	2926 ↑	52.25
<b>DJ Industrial Avg</b>	26728	26362 ↑	365.90
<b>Light Crude Oil</b>	56.73	55.16 ↑	1.57 \$/Barrel
<b>Corn</b>	342.00	357.00 ↓	-15.00 cts/Bushel
<b>Wheat</b>	460.25	450.00 ↑	10.25 cts/Bushel
<b>Coffee (Arabic)</b>	93.85	93.60 ↑	0.25 cts/lb

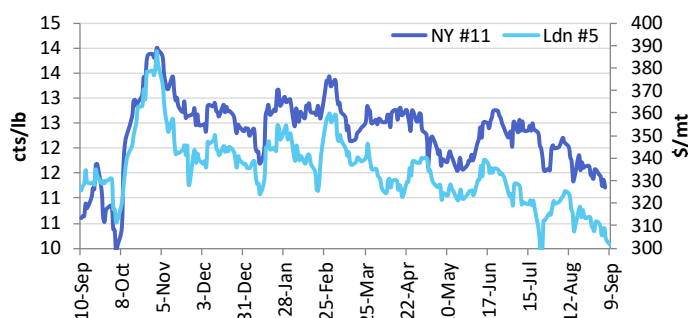
## Domestic Markets

	6-Sep-19	30-Aug-19	Weekly Var.	Unit
<b>Brazil</b>				
NY Front Month in BZL	44.76	46.17 ↓	-1.41	R\$ cts/lb
<b>Domestic:</b>				
Esalq Sugar (R\$)	59.88	61.26	#N/A	R\$/50kg
Esalq Sugar (US\$)	14.74	14.78	#N/A	cts/lb
Hydrous Ethanol (NY#11 equiv.)	13.10	12.77	#N/A	cts/lb
Anhydrous Ethanol (NY#11 equiv.)	13.81	13.68	#N/A	cts/lb
<b>Ethanol/Gasoline in S. Paolo</b>	6-Sep-19	30-Aug-19	Weekly Var.	Unit
Ethanol	3,554	3,573 ↓	-19	R\$/l
Gasoline	4,201	4,243 ↓	-42	R\$/l
Ethanol/Gasoline Parity	84.6%	84.2%	0%	
Anhydrous from US Parity	14.76	-3.72 ↑	18.48	USD/M3
Anhydrous to US Parity	-206.50	-187.05 ↓	-19.46	USD/M3

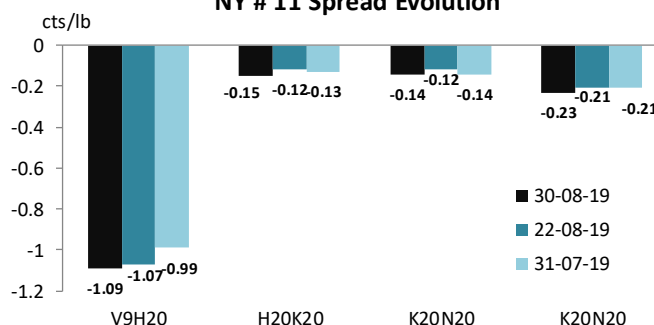
	6-Sep-19	30-Aug-19	Weekly Var.	Unit
<b>India</b>				
NCDEX	31,600	31,600	0	RUP/mt
S-Grade (Kolhapur)*	32,277	31,688	589	RUP/mt
M-Grade (Kolkatta)*	35,810	35,333	477	RUP/mt

\* price does not include GST of 5%

## Sugar Market



## NY # 11 Spread Evolution



	6-Sep-19	30-Aug	Weekly Var.	Unit
<b>China</b>				
ZCE Front Month	5,625	5,474	151	RMB/mt
ZCE Front Spread	-65	-22	-43	RMB/mt
Northern Spot Cash	Rizhao 6,020	5,870	150	RMB/mt
Southern Spot Cash	Liuzhou 5,830	5,640	190	RMB/mt

	6-Sep-19	30-Aug-19		
<b>USA</b>				
No #16	25.75	25.81	-0.06	cts/lb
#16/11 Spread	14.73	14.67	0.06	cts/lb

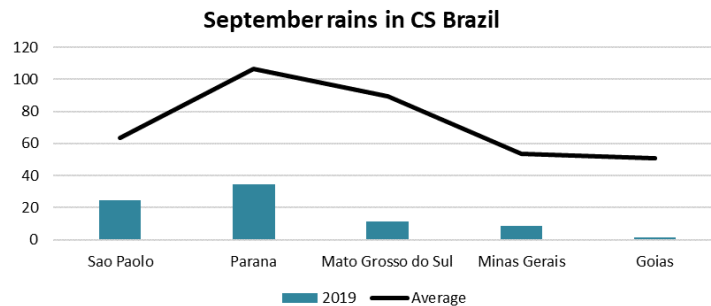
<b>EU</b>				
EU 45s containers	40	40	0.0	\$/mt ov Ldn

<b>Russia</b>				
Price in Krasnodar	350	358	-8.6	\$/m3

# Sugar Weekly Report



## CS Brazil September Rainfall

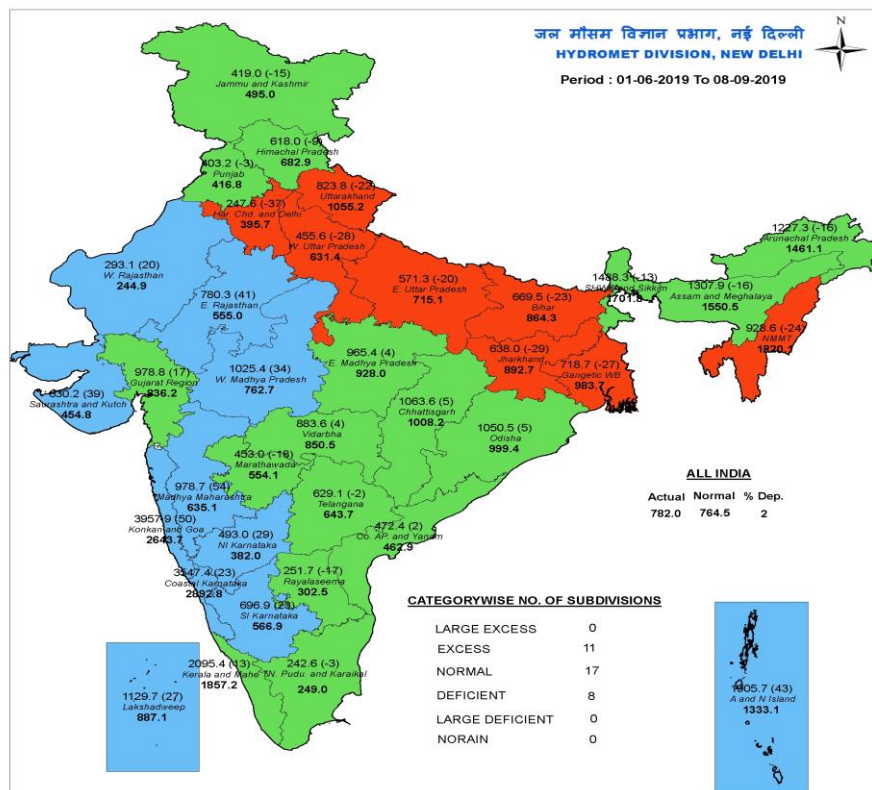


## Indian: Monsoon Rains



भारत मौसम विज्ञान विभाग  
INDIA METEOROLOGICAL DEPARTMENT

### SUBDIVISION RAINFALL MAP



#### Legend

Large Excess [ 60% or more ] Excess [ 20% to 59% ] Normal [-19% to 19% ] Deficient [-59% to -20% ] Large Deficient [-99% to -60% ] No Data [-100% ] No Rain

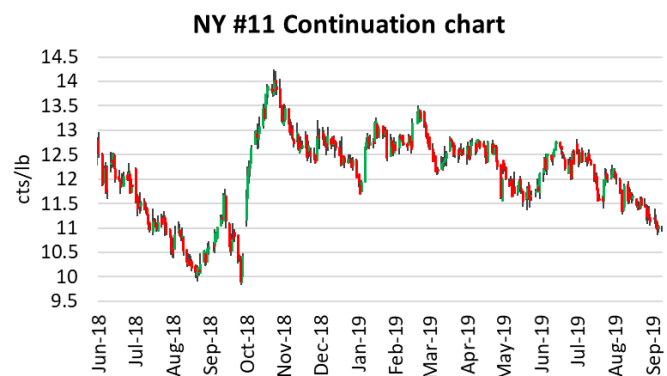
#### NOTES :

- Rainfall figures are based on operation data.
- Small figures indicate actual rainfall (mm), while bold figures indicate Normal rainfall (mm).
- Percentage Departures of rainfall are shown in brackets.

# Sugar Weekly Report



- **NY Flat price:** October contract tested 11 cts/lb floor, but didn't manage to hold and closed at 11.02 cts/lb Friday, slightly lower than a week earlier
- **NY Spreads:** October/March spread strengthened to 95 points carry last week, probably as specs were rolling their positions to March.
- **London market:** Oct/Oct White Premium strengthened to above \$60/mt last week (\$3-\$4 more than a week earlier). March/March White Premium was similar to a week before: trading between \$51-\$53/mt
- **COT report:** COT report as of September 3<sup>rd</sup> showed that specs held 189.4k lots of net-shorts, up 8.4k lots week on week, a record high net-short positions. Commercials posted a record as well, holding 22.1k lots of net-shorts. Index funds positions were 5k lots lower week on week at 211.5k lots of net-longs.



**BULL**

- ▶ Production in Brazil has started and so far, the results indicate a lower crop than last season.
- ▶ The Australian crop is still lagging behind last season.
- ▶ Thailand has received some rain, but not in the Central and Eastern regions who had below average rainfall during August.



**BEAR**

- ▶ Indian exports could take away demand from Brazil for both raws and refined sugar.
- ▶ Stocks are high in the exporting countries, although demand is relatively low.
- ▶ Mexico and South Africa are expected to continue to export in 2019/20, taking export opportunities away from Thailand/Brazil/Centrals.



# Sugar Weekly Report



## NNE Brazil: Crushing Update

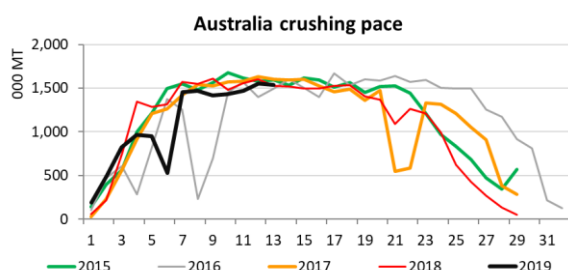
1H AUG	2017/18	2018/19	Var.
Cane(kmt)	4,831	5,378	↑ 547
Sugar (kmt)	87	72	↓ - 15
Total Ethanol	295	328	↑ 33
Androus(000 m3)	132	147	↑ 15
Hydrous (000 m3)	163	181	↑ 17
ATR (kg/t of cane)	123.31	118.22	↓ - 5
Sugar mix (%)	15.29%	11.83%	↓ -3.5%

- ▶ NNE Brazil crushed 5.4 million mt of cane by mid- August, up 550k mt year on year.
- ▶ Sugar mix remained below last year at 12%.
- ▶ ATR stood at 118.2 kg/mt, down almost 5 kg/mt year on year.
- ▶ Sugar production had not yet reached 100k mt, and was slightly down year on year at 72k mt.

## Australia: Crushing Update

Australian crushing update			
Week 13	2018	2019	Δ
Cane crushed (000 Mt)	16,071	14,338	↓ -1,732
CCS(%)	13.1%	12.8%	↓ - 0.0
Sugar (000 Mt)	2,098	1,833	↓ - 265

- ▶ Australian mills crushed 14.3 million mt of cane, 1.7 mln mt down year on year.
- ▶ Sugar production stood at 1.8 million mt, down 270k mt year on year.
- ▶ Industrial yields remained below last season at 12.8%.



## Russia: Production Update

04-09-17	2018/19	2019/20	Var
Beet stored up	3,840	4,883	↑ 1,044
Beet processed	3,401	4,458	↑ 1,056
Beet in stocks	382	386	↑ 5
Sugar produced	445	593	↑ 148
Extr. rate	13.1	13.3	↑ 0.2
Factories	54	50	↓ - 4

- ▶ By September 4, Russian factories processed 4.5 million mt of beets, up 1 million mt year on year, even though there were 4 plants less in operation.
- ▶ Sugar production reached 593k mt, up almost 150k mt year on year.
- ▶ Extraction rate is quite good: 13.3% vs 13.1% last season.
- ▶ Harvesting is still ongoing: 190k ha were down so far, (16.6% of total area), while last season almost 165k ha were harvested by the same time.
- ▶ Agricultural yields stood at 42.6 mt/ha, up from 34.3 mt/ha last year.

## India: Export Parity Update

Indian export parity - raws		
ex-mill	31,000	INR/mt
raws discount	1,000	
Inland	1,500	INR/mt
Fobbing	600	INR/mt
Subsidy	10,500	INR/mt
USD/INR	72	
FOB price	300	USD/mt
<b>Raws FOB 96 Pol</b>	<b>13.05</b>	<b>cts/lb</b>

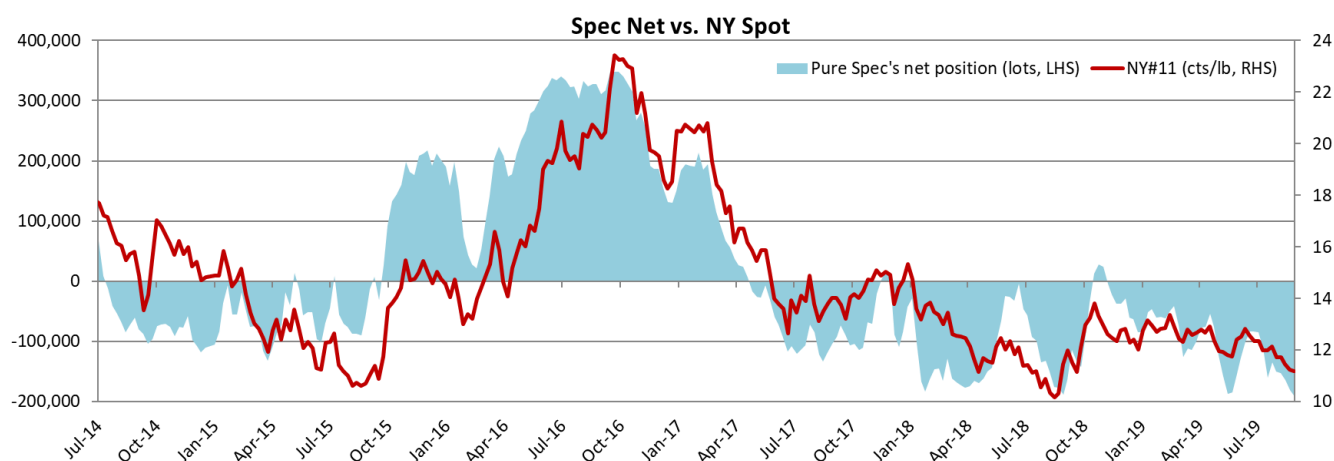
- ▶ Export parity is around 13 cts/lb based on the fixed domestic prices. This makes Indian raws competitive against Brazil due to freight advantage.
- ▶ So far there has been no official notification regarding the exact split of the export quota.

# Sugar Weekly Report



## COT RECAP

Date	Spot Price	Specs net positions (i)-(ii)	Specs gross longs (i)	Specs gross shorts (ii)	Index traders net positions	Commercials net positions (iii)-(iiii)	Commercials gross longs (iii)	Commercial gross shorts (iiii)	OI
16-07-19	11.99	-111,901	192,709	304,610	238,480	-126,579	343,212	469,791	1,009,347
23-07-19	11.98	-160,497	194,437	354,934	213,679	-53,181	382,194	435,375	1,084,641
30-07-19	12.15	-134,068	203,155	337,223	207,926	-73,858	373,024	446,882	1,086,225
06-08-19	11.73	-149,433	194,164	343,597	213,585	-64,151	388,699	452,850	1,120,379
13-08-19	11.72	-152,984	201,129	354,113	212,411	-59,428	427,808	487,236	1,189,745
20-08-19	11.44	-163,643	197,957	361,600	214,038	-50,396	427,574	477,970	1,183,020
27-08-19	11.24	-181,009	197,882	378,891	216,275	-35,266	450,446	485,712	1,219,655
03-09-19	11.19	-189,410	204,083	393,493	211,495	-22,085	454,673	476,758	1,240,536
Lastet Change	-0.05	-8,401	6,201	14,602	-4,780	13,181	4,227	-8,954	20,881



## Wilmar Grower Marketing Team

**PJ Gileppa** (07) 4722 1924 | 0437 297 978  
**Franco Zaini** (07) 4722 1954 | 0419 476 770

**Chris Winship** (07) 4722 1986 | 0437 669 118  
**Yolanda Hansen** (07) 4722 1956 | 0439 002 240

**Angus McKerrow** 0419 238 536

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